GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3639
ANSWERED ON:12.12.2002
PIPELINE TARIFF FOR PETROLEUM PRODUCTS
VILAS BABURAO MUTTEMWAR

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) Whether the Government have decided to put a ceiling on pipeline tariff for all petroleum products envisaged to be transported by the pipelines;

(b) if so, whether the pipelines tariff is higher than the existing ceiling of the weighted average of rail tariff;

(c) if so, the prevailing rail tariff for transporting petroleum products and the manner in which the same is being worked out;

(d) the existing pipelines capacity for the supply of petroleum products from different destinations and to what extent it is adequate enough to meet the demand; and

(e) the additional pipeline capacity required and the extent to which the tariff for the transportation of petroleum products will be less than the tariff for the transportation by rail and other modes?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS AND MINISTER OF STATE IN THE MINIS` PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (e): For the existing product pipelines, for the purpose of sale/purchase of products between the oil marketing companies (OMCs), the freight for transportation of petrol, diesel and kerosene through pipelines is provisionally worked out by OMCs as under:

Petrol/Diesel:

- For pipelines commissioned before 01-04-98: 75% of the notional rail freight

- For pipelines commissioned after 01-04-98: 90% of the notional rail freight

Kerosene:

- For all pipelines: 90% of the notional rail freight

The pipeline freight rate for the GAIL`s Jamnagar-Loni LPG pipeline is Rs.1.33/KM/MT (Metric Tonne) as agreed between GAIL an OMCs.

As per the guidelines for laying petroleum product pipelines, notified by the Government on 20th November 2002, the petroleum product pipelines would be categorized as follows:

(i) Pipelines originating from refineries, whether coastal or inland, upto a distance of around 300 kilometers from the refinery;

(ii) Pipelines dedicated for supplying product to particular consumer, originating either from a refinery or from oil company`s terminal; and

(iii) Pipelines originating from refineries exceeding 300 Km in length and pipelines originating from ports, other than those specified in (i) &
(ii) above.

As per this notification, tariff for the pipelines commissioned after the date of publication of this notification in the Official Gazette and falling in the category specified in
(iii) above, will be subject to the control orders or the regulations that may be issued by the Government or the statutory authority in this behalf under any law for the time being in force.
The capacity of the existing product pipelines in use, as on 01-10-02, was around 46.95 MMTPA.During the year 2001-02, about

31.4% of the total consumed products were moved through the pipelines. As per India Hydrocarbon Vision-2025, the share of pipelines in moving products is expected to increase to around 45% by 2025.